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2 May 1962

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# CENTRAL INTELLIGENCE BULLETIN



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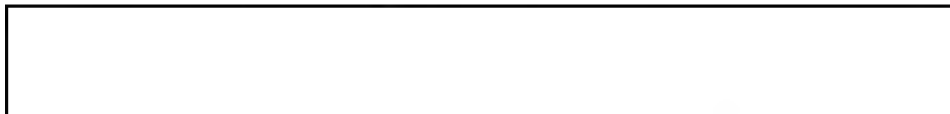
1. USSR-Berlin: Moscow preparing Soviet public for early Berlin settlement. (*Page i*)

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3. Congo: Tshombé to return to Leopoldville on 3 May. (*Page ii*)

4. Nationalist China: Taxes increased drastically to cover military expenditures in preparation for return to mainland. (*Page iii*)



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## DAILY BRIEF

USSR-Berlin: In the most optimistic Soviet assessment to date of the US-Soviet negotiations on Berlin, a public lecturer in Moscow stated on 30 April that agreement could come as early as May or June and almost certainly could be achieved "during this year." He described the proposals Secretary Rusk presented to Gromyko at Geneva as reasonable and said they contained significant changes in the US position. The lecturer expressed the view that while the French could veto an agreement on liquidating the "occupation regime" in West Berlin, this could be negotiated. He said that Chancellor Adenauer and Foreign Minister Schroeder were now displaying a more flexible attitude.

This optimistic appraisal, following the recent encouraging pronouncements by Khrushchev and Gromyko and the USSR's relatively moderate and unprovocative reaction to US atmospheric nuclear tests, provides further evidence of the Soviet leaders' desire to prevent recriminations over testing from upsetting the bilateral talks on Berlin.

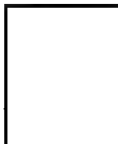
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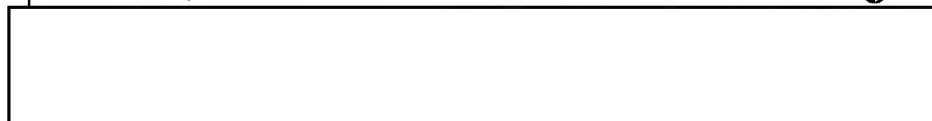


Congo: Premier Adoula told US officials that Tshombé had confirmed he would return to Leopoldville on 3 May. Adoula, who expressed gratitude for assurances of continued US support, stated that he would insist that Tshombé present without delay counterproposals to a draft agreement which he had presented to the Katangan leader before the talks were recessed on 16 April. Adoula dismissed the suggestion that his government might orient itself toward the Communist bloc, but said that he might be powerless to prevent "disaster" should the unification talks with Tshombé fail.

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Although Adoula recognizes that a continued stalemate on the Katanga issue could bring down his government, the draft agreement presented to Tshombé provides little to attract the Katangan leader. Tshombé, who would use this issue to further delay the negotiations, has characterized Adoula's proposals as reserving more power to the central government than the present Fundamental Law.



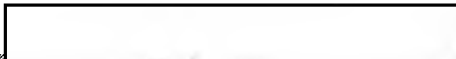
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Nationalist China: [The Chinese Nationalist Government has passed an emergency tax bill drastically increasing taxation in an effort to pay for increased military expenditures resulting from stepped-up preparations for a return to the mainland. The government expects to obtain an additional \$59,000,000 before July 1963 by raising income taxes, some customs duties, and taxes on consumer goods and utilities.]

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[Six of seven newspapers on 1 May supported the new tax program. The general line was that the program was designed to minimize any harmful effects on economic development and "equalize wealth." One paper warns that the government should demonstrate effective use of the funds when the attack on the mainland begins. These tax increases will cause hardship among the population, but demonstrations against the measure are unlikely.]

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The rapidity with which the measures have been pressed through the formalities of legislative approval suggests that the Nationalist Government is seeking to present Washington with a fait accompli, i. e., a program of military preparedness directed toward a return to the mainland.]

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Uganda: (Disturbances are expected following publication on 3 May of a British Privy Council commission report on a long-standing territorial dispute between two of the protectorate's tribal kingdoms. The

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[redacted]  
[redacted]  
[redacted] Unrest is expected to spread through both kingdoms,

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[redacted] The issue could, however, affect the political standing of the new prime minister, Milton Obote, who is allied in the legislative assembly with representatives of one of the kingdoms. These representatives may threaten to withhold support from Obote unless he supports their position. This and other tribal problems will continue to affect Uganda's stability after it becomes independent on 9 October [redacted]  
[redacted]

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Bolivia-Czechoslovakia: The Bolivian Ministry of Mines has announced that the official delegation leaving for Prague on 15 May will sign a contract with Czechoslovakia for an antimony smelter. The smelter would be Bolivia's first industrial installation of bloc origin and is to be constructed at Oruro. The government's announced decision was probably in response to pressure from leftist elements which have also been pressing for acceptance of a tentative Soviet offer of a tin smelter. [redacted]  
[redacted]

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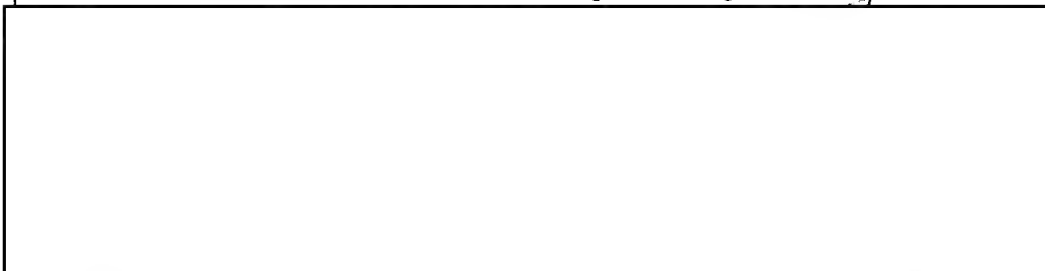
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Tribal Disturbances Likely in Uganda

[Buganda and Bunyoro, the two kingdoms involved in the territorial dispute, have been at odds on the issue since the late nineteenth century, when the British subdued Bunyoro with Buganda assistance. As a reward, the British permitted Buganda to take over large sections of Bunyoro, including some parts which are significant to the Bunyoro tribal religion. Bunyoro has not allowed the dispute--the so-called "lost counties" issue--to die, and many of the inhabitants in the transferred areas have retained their cultural identity. The region was the scene of widespread disturbances after last February's elections to the Buganda legislature]

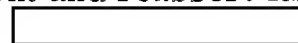
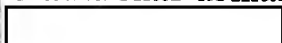
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[Prime Minister Obote, whose Uganda Peoples' Congress won nearly an absolute majority of the seats in last week's assembly elections, may need the support of the Buganda traditionalist party for a working majority. There are still 11 seats in the 91-member assembly to be chosen; if Obote can win nine of these, he will not need the Buganda alliance. If he should exclude the Buganda party from the government, however, or if the party feels Obote is not supporting it on the "lost counties" issue, Buganda may be tempted to break its recently forged links with the protectorate government and reassert its traditional demands for greater autonomy.]

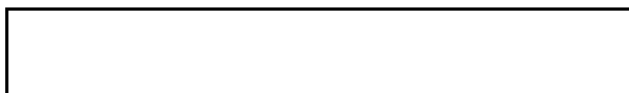
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